PROVINCE OF ALBERTA

OFFICE OF THE

ETHICS COMMISSIONER

ANNUAL REPORT 2007-2008

ABOUT THE OFFICE OF THE ETHICS COMMISSIONER

Conflicts of Interest Act

The Office of the Ethics Commissioner exists as a result of and operates under the *Conflicts of Interest Act*, Revised Statutes of Alberta 2000, Chapter C-23 ("*Conflicts of Interest Act*"), as amended.

The Ethics Commissioner is an Officer of the Legislative Assembly. The Ethics Commissioner is appointed by Order-in-Council following passage of a motion in the Legislative Assembly approving the appointment. The motion follows a report and recommendation from the all-party Standing Committee on Legislative Offices.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker with respect to annual reports, investigation reports, and matters relating to the Ethics Commissioner's jurisdiction or authority under the *Conflicts of Interest Act*, with the exception of administrative matters. The Ethics Commissioner presents budgetary estimates through the Standing Committee. The Legislative Assembly approves the budget for the Office of the Ethics Commissioner.

Upon receiving a report from the Ethics Commissioner, the Speaker is required to make the report public. If the Legislature is in session, the report is tabled at that time in the Legislature. If the Legislature is not in session, the report is released publicly and tabled when the Legislature next sits (Reference: section 28 of the *Conflicts of Interest Act*).

Under the *Conflicts of Interest Act*, if the Ethics Commissioner has recommended a sanction, the Legislative Assembly shall debate and vote on the investigation report within 15 days after the tabling of the report, or such other period determined by a resolution of the Legislative Assembly.

Under section 29 of the *Conflicts of Interest Act*, the Legislative Assembly may accept or reject the findings of the Ethics Commissioner or substitute its own findings and may if it determines that there is a breach:

(a) impose the sanction recommended by the Ethics Commissioner or any other sanction referred to in section 27(2) it considers appropriate, or

(b) impose no sanction.

The Ethics Commissioner reports and recommends to the Assembly. The Legislative Assembly has full and final authority with respect to disciplinary matters relating to its Members.

Further information on the functions and responsibilities of the Office of the Ethics Commissioner may be obtained by contacting the office:

Office of the Ethics Commissioner
1250, 9925 - 109 Street, Edmonton, Alberta T5K 2J8
Phone: (780) 422-2273 Fax: (780) 422-2261
E-mail: generalinfo@ethicscommissioner.ab.ca
Website: www.ethicscommissioner.ab.ca

Lobbyists Act

The Office of the Ethics Commissioner is responsible for the administration of the *Lobbyists Act*, Statutes of Alberta 2007, Chapter L-20.5 ("*Lobbyists Act*"). The Ethics Commissioner may delegate his or her functions under the Act to the Registrar (section 11).

The *Lobbyists Act* is intended to enhance integrity and accountability of government by fostering openness and transparency about who is influencing the decisions of public office holders. The *Lobbyists Act* establishes two categories of lobbyists: consultant lobbyists and organizational lobbyists. The Act forbids the activities of lobbying and providing advice at the same time on the same subject matter, unless an exemption is given (section 6).

The preamble of the *Lobbyists Act* describes its basic principles as follows:

- free and open access to government is an important matter of public interest;
- lobbying public office holders is a legitimate activity;
- it is desirable that the public and public office holders be able to know who is engaged in lobbying activities;
- a system for the registration of paid lobbyists should not impede free and open access to government; and
- it is desirable that the public and public office holders be able to know who is contracting with the Government of Alberta and Provincial entities.

The lobbyists registry will be an electronic system that will enable online registration by lobbyists, administration by the Registrar and searches by the general public. When operational, the lobbyists registry will:

- provide openness and transparency by recording the identities and activities of those who are paid to influence the activities of public office holders;
- record the identities of organizations and clients who pay lobbyists to influence the activities of public office holders on their behalf;
- allow lobbyists to register, update and renew their own information on the system; and
- allow public scrutiny as the public will be able to view, search and obtain reports about lobbyists free of charge through the Internet.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker with respect to investigation reports under the *Lobbyists Act*. After the Ethics Commissioner prepares a report of an investigation, the report is provided to the Speaker of the Legislative Assembly and the report is tabled if the House is sitting. If the House is not sitting, the report is distributed to all Members of the Legislative Assembly and then made public. A report that is provided when the House is not sitting is tabled when the House next sits (section 17 of the *Lobbyists Act*).

Further information on the *Lobbyists Act* or the functions and responsibilities of the Registrar, *Lobbyists Act*, may be obtained by contacting the:

Registrar, *Lobbyists Act*
1250, 9925 - 109 Street, Edmonton, Alberta T5K 2J8
Phone: (780) 644-3879 Fax: (780) 422-2261
E-mail: registrar@ethicscommissioner.ab.ca
Website: www.LobbyistsAct.ab.ca

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OFFICE OF THE ETHICS COMMISSIONER

Donald M Hamilton, Commissioner

August 12, 2008

Hon. Kenneth R. Kowalski
Speaker of the Legislative Assembly
325 Legislature Building
Edmonton, Alberta
T5K 2B6

Dear Mr. Speaker:

It is my honour and pleasure to submit to you the Annual Report of the Office of the Ethics Commissioner, covering the period from April 1, 2007 to March 31, 2008.

This report is submitted pursuant to section 46(1) of the *Conflicts of Interest Act*, Chapter C-23 of the 2000 Revised Statutes of Alberta.

This will be my final annual report as Ethics Commissioner for the Province of Alberta. I wish to thank you, Mr. Speaker, and all Members of the Legislative Assembly for their cooperation and support over the past five years. It has been a pleasure serving the people of Alberta as Ethics Commissioner.

Yours very truly,

Donald M. Hamilton
Ethics Commissioner

1250, 9925 - 109 Street, EDMONTON, ALBERTA T5K 2J8 • Telephone: (780) 422-2273 • Fax: (780) 422-2261
E-mail: generalinfo@ethicscommissioner.ab.ca Website: www.ethicscommissioner.ab.ca

ETHICS COMMISSIONER'S REMARKS

This is my final annual report as Ethics Commissioner. I advised the Standing Committee on Legislative Offices in November 2007 that I would not be seeking a second term when my current term expires at the end of May 2008.

This past year has been an active one for my office.

On May 11, my Office released its investigation report relating to the Progressive Conservative Party leadership campaign and allegations relating to access to elected officials in exchange for campaign contributions. The report was commenced in the previous fiscal year and was referred to in last year's annual report. A summary of the investigation is provided later in this report.

During 2007, the Legislative Assembly considered two pieces of legislation that impact on this Office. Bill 1, *Lobbyists Act*, and Bill 2, *Conflicts of Interest Amendment Act, 2007*, were introduced and referred to new Policy Field Committees. Both Bills were referred to the Standing Committee on Government Services. That committee held public hearings and other meetings between the Spring and Fall sittings and reported its recommendations on each of the Bills when the House resumed sitting in November. Both Bills received Royal Assent on December 7, 2007. The *Conflicts of Interest Amendment Act, 2007* was proclaimed in force on April 1, 2008. The *Lobbyists Act* will not be proclaimed in force until such time as a lobbyists registry has been created by my Office.

A number of activities flowed from these two pieces of legislation. Disclosure forms had to be revised. Brochures describing the *Conflicts of Interest Act* had to be revised. A website was required for the lobbyists legislation. This work was completed prior to fiscal year end.

The Act, as amended, has broadened the obligations on Members. For example, with respect to section 2 (taking part in decisions), Members will have to be mindful of the private interests of their adult children. In sections 3 (influence) and 4 (insider information), Members cannot improperly further the private interests of another person. Under section 8, which deals with contracts with the Crown, the restrictions will apply to corporations controlled by a Member's direct associates.

The Act will also extend the post-employment period for former members of Executive Council from six months to one year. New provisions are included to deal with post-employment of former political staff members (as defined in the Act) and to amend the *Public Service Act* to include post-employment matters for senior officials.

Although the *Lobbyists Act* delegates responsibilities for creation and maintenance of the lobbyists registry to the Ethics Commissioner, it also authorizes me to delegate those responsibilities to another person in my Office. I chose to create a new position in the Office. As I had advised the Standing Committee on Legislative Offices, it was my intention to hire an individual to act as both the Registrar under the *Lobbyists Act* and as General Counsel to my Office. Legal services have been part of a contract between my Office and the Office of the Information and Privacy Commissioner but that arrangement was coming to an end. The addition of the Registrar position will also serve the Office with respect to succession planning.

The Registrar position has been filled initially on a secondment basis. The next Commissioner will have the option to fill the position as he or she thinks best.

Since the all-party review of the *Conflicts of Interest Act*, a number of other Canadian jurisdictions have commenced a review of their legislation. In some jurisdictions, there is no mandatory review and, in British Columbia for example, such a review has now been proposed by the Conflict of Interest Commissioner. I believe a mandatory review is very important in legislation such as this. A code of conduct should not only be reviewed when a "scandal" has emerged. The effectiveness and appropriateness of each provision should be assessed periodically and amended, where necessary, to ensure it is relevant and is in keeping with standards and expectations of citizens over time.

As this is my final report, I wish to take some time to comment on my experience. It is a rare privilege to serve as a Legislature Officer. Very few people have the opportunity to get to know elected and senior public officials in the way that my Office does. My Office has repeatedly said the public is well served in Alberta. I believe that statement but it does not totally capture our relationship with officials. My Office has the opportunity to hear officials talk about a wide range of issues, proposed solutions, and sometimes frustrations. I have been impressed with the knowledge officials have, their enthusiasm and commitment to their roles and the people of Alberta, and their dedication to identifying ways to improve services or programs. Every year is a learning experience for my Office – we are extremely fortunate to receive so much information and to feel trusted by officials in sharing their knowledge, goals and enthusiasm.

This Office has remained small over the years – both in terms of the number of staff and in budget. We have endeavoured to operate efficiently and to be mindful that our funds come from the people of Alberta. We are able to operate with a small staff through arrangements with the Office of the Information and Privacy Commissioner. For most of the last 16 years, they have provided support for accounts payable, human resources, payroll, information technology and legal services. We are extremely grateful to them for the high quality service they have provided. Our contract for shared services will change in 2008-09. It will no longer include legal services and, aside from some transition issues, they will no longer provide IT support to us. There will be a greater cost to the public purse as a result of these changes but, as both offices change and take on additional responsibilities, the separation has become necessary.

I leave as the Office is taking on its new responsibilities under the *Lobbyists Act*. I am confident that my staff will ensure that all the duties and functions of the Office under that Act will be met in a timely and effective manner. I wish to thank my staff for their support and all their hard work.

To my colleagues across the country, I have enjoyed meeting you and sharing experiences. Thank you for your wise counsel and your friendship. I will miss seeing you each year.

I wish to thank the Legislative Assembly and especially the Speaker and the members of the Standing Committee on Legislative Offices for their support and responses to recommendations or requests from my Office over the years.

I wish my successor the very best. It is a challenging and rewarding position.

DISCLOSURE PROCESS

As usual, with the assistance of caucus leaders and staff, all Members of the Legislative Assembly filed their disclosure statements within the timeframe identified. All meetings were held prior to the end of August -- which was one of the earliest completion dates in the 16 years the Office has been in existence. I appreciate the cooperation of the Members and their staffs in ensuring compliance with the Act.

Not all Senior Officials were as punctual. While every Senior Official who is required to file a disclosure statement did file one, I feel I must remind some officials that this is not a matter that is to be dismissed casually. I expect compliance with the deadline given. I would not recommend a financial penalty for late filing but without any sanction, there can develop an attitude that the disclosure process is not important.

The Hon. W.D. Parker, Commissioner for the Commission of Inquiry into the Facts of Allegations of Conflict of Interest Concerning the Hon. Sinclair M. Stevens, said at p. 348 of his report that ". . . public disclosure should be the cornerstone of a modern conflict of interest code." While there is no public disclosure of information relating to senior officials, the argument made by Commissioner Parker is, I believe, correct.

Annual disclosures allow officials to consider potential conflicts of interest on a regular basis. The annual meetings provide an opportunity for officials to raise questions. In many private sector corporations, "ethics" has become part of an annual performance review. Some agencies in the Alberta public service require Board members or staff to update their disclosure statements annually. It is a practice that serves a useful purpose. At least once a year, people have to take a moment to consider their private interests in relation to their public responsibilities. This process helps to ensure that decisions are made in the public interest and that public trust in our public institutions is justified.

As noted earlier, as a result of the amendments to the *Conflicts of Interest Act*, the disclosure forms were amended. While Members are still required to report all income, assets, liabilities and financial interests, the items that will be disclosed publicly will change. Prior to April 1, 2008, all income over $1,000 was disclosed publicly. That will change to income over $5,000. Previously, assets, liabilities and financial interests over $1,000 were publicly disclosed. After April 1, 2008, only those interests valued over $10,000 will be publicly disclosed.

Fees, gifts and other benefits that have been accepted as part of social obligation or protocol will only have to be reported if they are over $400. Travel on non-commercial aircraft, as described in the Act, will have to be reported. Members, who are aware of their involvement in a legal proceeding, including maintenance enforcement matters, will have to advise my office.

The chart below sets out general categories of requests for advice received by my office. As noted in past annual reports, requests may encompass more than one category but for consistency of reporting, I have listed them under the most relevant category.

As is usual when a general election is held, the number of questions relating to post-employment issues increases. Questions from new Members about carrying on a business or profession are also common following an election. New Ministers often raise questions about their investments.

Included in the "other" category are a number of questions that arose this year regarding political activities. There is general understanding on the part of the staff of Members' offices regarding a requirement to take a leave of absence if a person wishes to work on a campaign. A number of individuals filed letters with my Office advising of their decision to take a leave of absence. These letters are not required to be filed with my Office but have become a routine practice. To the extent that my Office serves as a neutral repository for copies of these letters, I have no objection to receiving them.

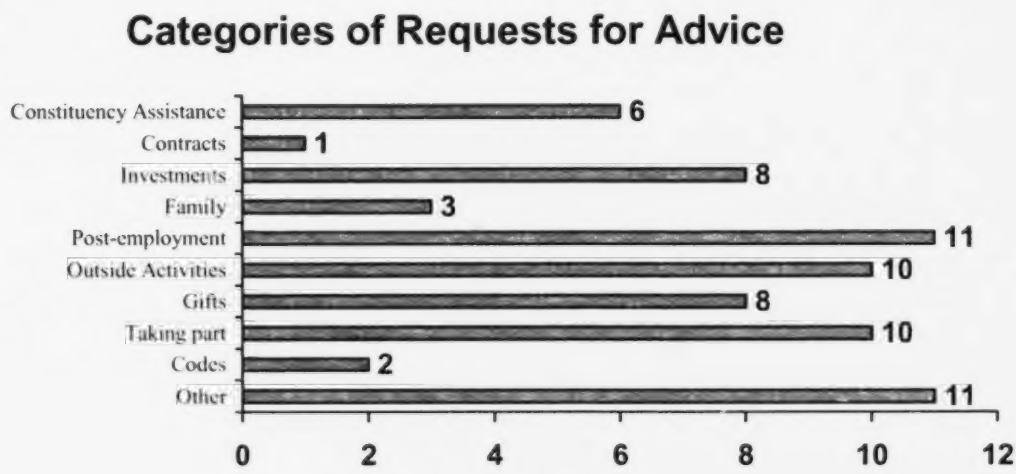


Figure 1

No investigations were commenced under the Act during 2007-08. As noted in last year's annual report, one investigation was carried over from 2006-07. It is summarized below.

A number of the requests to my Office that have been classified below as "requests for investigations" related to Workers' Compensation claims or complaints against provincial government departments or employees.

Many requests to my office are not included in this specific database but are listed in the broader "information requests." Typically, a citizen will either say they do not know if they have reached the right department or ask what we do and then set out their problem. Many of these referrals are included in the statistics for requests for information.

The majority of the requests identified in the figure below were the result of written requests or more detailed phone conversations with a citizen. Where the request involves an MLA as noted in Figure 2, the matter discussed was not one that fell under the *Conflicts of Interest Act* and may have involved either a decision of a government department (and a caller asked that the Minister be investigated), or the citizen's view that the Member was unethical by refusing to listen or act for a constituent or the citizen disagreed with an action taken by the Member.

Requests for Investigations

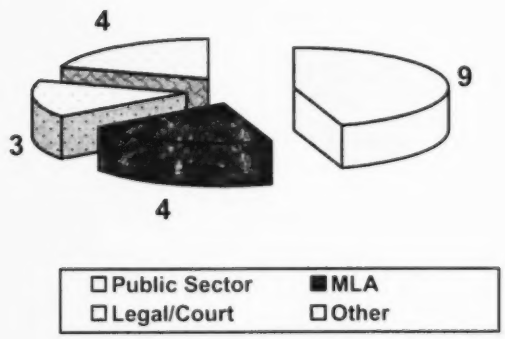


Figure 2

Investigation involving Hon. Ed Stelmach, Premier; Hon. David Hancock, Q.C., Minister of Health and Wellness; and Hon. Lyle Oberg, Minister of Finance

As mentioned last year, my Office was in the midst of conducting an investigation at fiscal year end.

The allegations related to invitations sent out to potential donors to the campaigns of certain of the leadership candidates of the Progressive Conservative Party of Alberta. The invitations offered an opportunity to meet privately with four of the leadership candidates to help them eliminate their campaign debts after the leadership vote. Three of the four named candidates were the Members named above; the fourth was a former MLA and therefore not included in the investigation. Some of the invitations suggested the private reception offered the opportunity to discuss issues and raise concerns with the Premier and Ministers.

The investigation request raised the possible breach of section 7 (fees, gifts or other benefits) or section 11 (disclosure of income, assets, liabilities or financial interests). I found that no income or assets were required to be disclosed under the Act. With respect to section 7, I found no breach as only one cheque attributable to the fundraising letter in question was received and the money was refunded.

I. Ethics Events or Conferences

The Senior Administrator attended the Canadian Conflict of Interest Network (CCOIN) meeting in Ottawa in September. These meetings are very beneficial to our small office as they enable us to draw upon the experiences and sound advice of our colleagues.

I attended, along with the Senior Administrator, the Council on Governmental Ethics Law (COGEL) conference in Victoria, British Columbia, in September. A number of members of the Standing Committee on Legislative Offices were also in attendance, as were staff from the Office of the Information and Privacy Commissioner and Elections Alberta. COGEL also includes members of organizations involved in lobbyists registration, and I was able to attend some of the sessions on that field as well as the ethics field.

The CCOIN meeting will be held in Quebec City in September 2008, and the COGEL conference will be held in Chicago in December 2008.

II. Speaking Engagements/Presentations

Date	Presentation or Speech
July 9, 2007	Board Governance Review Task Force
July 10, 2007	Delegation from Wuhan City, Hubei Province, China – our session with the delegation was cancelled due to travel delays from China
July 18, 2007	Standing Committee on Government Services re Bill 2, *Conflicts of Interest Amendment Act, 2007*

III. Publications

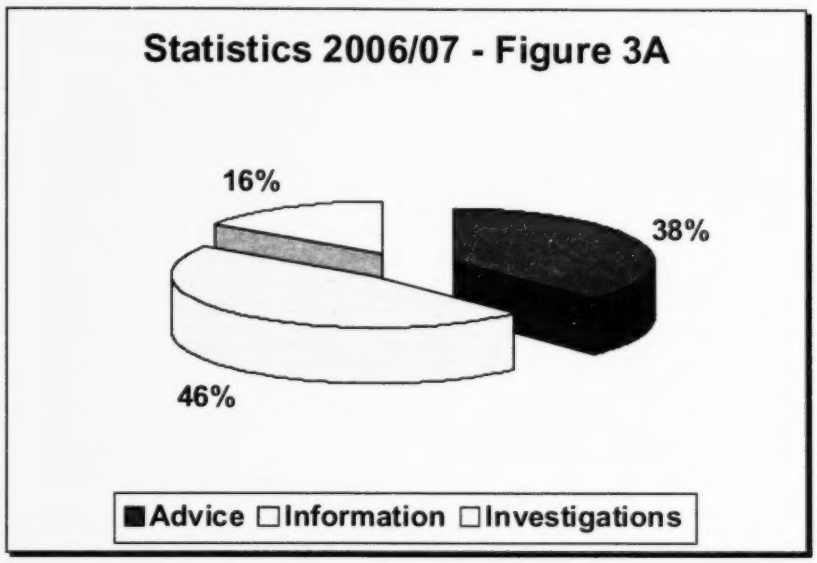
As noted earlier in this report, the amendments to the *Conflicts of Interest Act* came into force on April 1, 2008. That necessitated revision of Office brochures and forms. To keep the brochures simple, it was decided to separate various issues into separate publications. Instead of one brochure on the Act, we now have five:

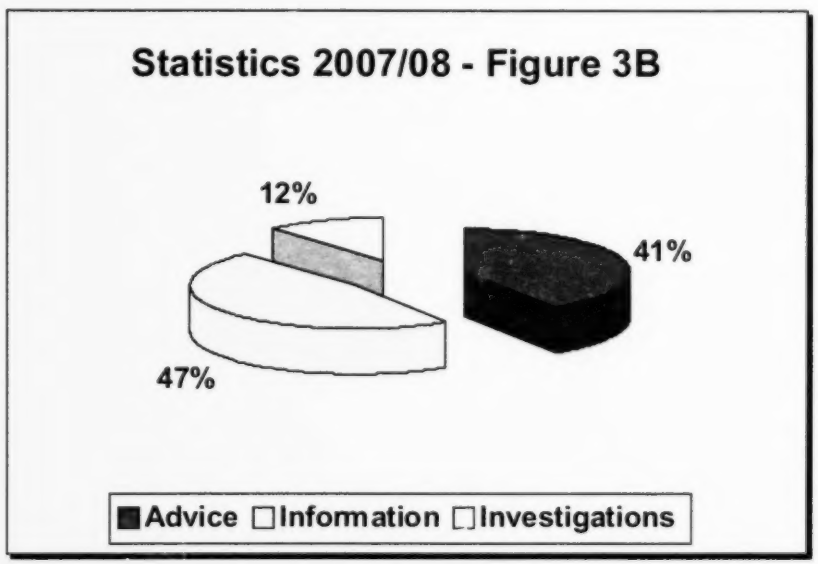
- Background and History,
- Conflicts of Interest,
- Disclosure,
- Investigations, and
- Members of Executive Council.

Prior to the election, my Office completed a new brochure to provide information to candidates. That brochure was available on our website prior to the election writ being issued.

A number of years ago, the five Legislature Officers contributed to the production of a single brochure describing each Officer's functions. That brochure has been updated and is available electronically from our website.

Figures 3A and B below show the percentage of requests received by our office that dealt with information, investigations, or provision of advice.





ANNUAL REPORT 2007-2008

of the Registrar, *Lobbyists Act*

OFFICE OF THE ETHICS COMMISSIONER

Registrar, *Lobbyists Act*

August 11, 2008

Mr. Donald M. Hamilton
Ethics Commissioner
Office of the Ethics Commissioner
1250, 9925 – 109 Street
Edmonton, Alberta
T5K 2J8

Dear Mr. Hamilton:

It is my honour and privilege to submit to you the first Annual Report of the Registrar, *Lobbyists Act*, covering the period from February 1, 2008 to March 31, 2008.

This report is submitted pursuant to section 46(1) of the *Conflicts of Interest Act*, Chapter C-23 of the 2000 Revised Statutes of Alberta.

I look forward to serving the people of Alberta over the coming year in my role as the first Registrar, *Lobbyists Act* under the *Lobbyists Act*, which is Chapter L-20.5 of the 2007 Statutes of Alberta.

Yours truly,

Noela Inions, Q.C.
Registrar, *Lobbyists Act* and General Counsel

REMARKS OF THE REGISTRAR, *LOBBYISTS ACT*

On February 1, 2008, I came to the Office of the Ethics Commissioner in order to implement the *Lobbyists Act* on secondment from the Office of the Information and Privacy Commissioner. The *Lobbyists Act* received Royal Assent; that is, it was enacted on December 7, 2007. The *Lobbyists Act* is expected to be proclaimed into force in early 2009 when the lobbyists registry is operational and the *Lobbyists Act* regulations are finalized.

The short period of time between February 1 and March 31, 2008, was busy and challenging. Some activities pertaining to implementing the *Lobbyists Act* were completed, while a number of other activities were initiated prior to the fiscal year end.

The activities that were completed by March 31, 2008 include the following:

- ***Education and Awareness*** – Public education materials for the *Lobbyists Act* were finalized. These materials were made available to the public in hard copy form in the Office reception area and also in electronic form on the *Lobbyists Act* website.

  The website materials include:

  - Background
  - Appointment of the Registrar
  - General Duties of the Registrar
  - Preamble to the *Lobbyists Act*
  - Link to the *Lobbyists Act*
  - Related Links
  - What's New

  The hard copy materials, which are also website materials, include:

  - Brochures:
    - Am I A Lobbyist?
    - What Is Lobbying?
    - Contracting Prohibitions
  - Chart:
    - Are You A Lobbyist? (created by Alberta Justice and Attorney General)
  - Guide:
    - A Guide to the Lobbyists Act

- ***Website Host*** – A website host was found. An arrangement was negotiated with the Office of the Legislative Assembly to host the *Lobbyists Act* website on a temporary basis for the pre-registry phase, to enable the launch of the website.

- ***Domain Name*** - A domain name was obtained for the *Lobbyists Act* website.

- ***Requests for Information*** – Some requests for information were received. The key types of questions that were asked pertained to the current status of the *Lobbyists Act*, when the *Lobbyists Act* is expected to come into force and whether advance notice will be given of the specific proclamation date some time before the *Lobbyists Act* comes into force.

A number of activities were initiated by March 31, 2008, which included the following:

- Researched lobbyists legislation, materials, procedures and registries;

- Consulted lobbyists registrar offices in other jurisdictions, scheduled site visits and scheduled trial lobbyists registrations;

- Consulted offices such as the Legislative Assembly Office (e.g., website host) and the Office of the Information and Privacy Commissioner (e.g., privacy impact assessments (PIAs));

- Liaised with government departments such as Alberta Justice and Attorney General (e.g., lobbyists regulations) and Service Alberta (e.g., requests for proposals (RFPs) and electronic registries); and

- Initiated steps for providing education and awareness (e.g., news releases and presentations).

I wish to thank Don Hamilton, Ethics Commissioner, for my appointment as the first Registrar, *Lobbyists Act*, for the Province of Alberta. I thank the Office of the Ethics Commissioner staff - Karen South, Senior Administrator, and Gail Simpson and Val Henkel, Administrative Support, for their able assistance and support during this early phase of the implementation of the *Lobbyists Act*. In particular, I thank Karen South for her assistance in drafting the public education and awareness materials, which were substantially completed before my arrival at the Office. Tom Thackeray, (then) Assistant Deputy Minister, Service Alberta, provided invaluable assistance in directing us to the technical expertise needed for developing RFPs and electronic registries. I also thank Frank Work, Q.C., Information and Privacy Commissioner, for granting the request for the secondment.

Premier Ed Stelmach introduced the *Lobbyists Act* on March 7, 2007, at which time it received First Reading. On March 22, 2007, the *Lobbyists Act* passed Second Reading. On May 29, 2007, following the adoption of Motion 21, the *Lobbyists Act* was referred to the Standing Committee on Government Services. The *Lobbyists Act* was the first bill to be referred to one of Alberta's new all-party policy field committees. Public hearings were held on September 27 and 28, 2007. On November 6, 2007, the Standing Committee on Government Services tabled its report with the Legislative Assembly. On December 7, 2007, the *Lobbyists Act* received Royal Assent.

The Office of the Ethics Commissioner is responsible for administration of the *Lobbyists Act*. Under section 11(2) of the *Lobbyists Act*, the Ethics Commissioner ("the Commissioner") may authorize an individual to be the Registrar. As of February 1, 2008, the Commissioner authorized me to carry out the duties of the Registrar, *Lobbyists Act*, which includes the creation of a lobbyists registry and the development of a lobbyists registration system.

The general purpose of the *Lobbyists Act* is to enhance the transparency, openness, integrity and accountability of government by providing public access to information about who is attempting to influence the decisions of public office holders. The principles behind the *Lobbyists Act* are described in its preamble, as follows:

- Free and open access to government is an important matter of public interest;
- Lobbying public office holders is a legitimate activity;
- It is desirable that the public and public office holders be able to know who is engaged in lobbying activities;
- A system for the registration of paid lobbyists should not impede free and open access to government; and
- It is desirable that the public and public office holders be able to know who is contracting with the Government of Alberta and Provincial entities.

The lobbyists registration system is being designed and built in order to support the impending requirement that lobbyists must register so that the public is able to know who is involved in paid lobbying activities. The lobbyists registration system will provide a public registry with on-line registration for lobbyists and free on-line searches through the Internet for the public.

The personal information that will be collected, used and disclosed for purposes of administering the lobbyists registration system is prescribed in the *Lobbyists Act*. The lobbyists registration system entails a minimal amount of personal information, consisting of an individual lobbyist's name, business address and business telephone number.

The duties of the Registrar, *Lobbyists Act*, include the following.

- The Registrar shall establish and maintain a registry, which must be made available for public inspection.
- The Registrar may verify information contained in any return or document submitted.
- The Registrar may refuse to accept a return or other document that does not comply with the requirements of the Act or regulations or that contains information not required to be provided or disclosed under the Act.
- The Registrar may remove a return from the registry if the designated filer who filed the return does not comply with section 10(1)(c).
- The Registrar shall conduct an investigation if he or she has reason to believe an investigation is necessary to ensure compliance with the Act.
- Where the Registrar is of the opinion that a person has contravened a provision of this Act or the regulations, the Registrar may levy an administrative penalty up to $25,000.
- Subject to the right to appeal, where a person fails to pay an administrative penalty in accordance with the notice of administrative penalty and the regulations, the Registrar may file a copy of the notice of administrative penalty with the Clerk of the Court of Queen's Bench.

Advisory opinions and interpretation bulletins may be issued for the enforcement, interpretation or application of the *Lobbyists Act* or regulations. Following an investigation, a report is prepared for submission to the Speaker of the Legislative Assembly.

A contravention of the Act is subject to prosecution and a fine of up to $100,000. If a person is convicted of an offence, the Ethics Commissioner may prohibit the person who committed the offence from lobbying and from filing or having a return filed in respect of that person for a period of not more than two years.

If a prohibition is imposed, the Ethics Commissioner shall ensure that information relating to the prohibition is entered into the registry. The Ethics Commissioner may make public the nature of an offence, the name of the person who committed it, the punishment imposed and, if applicable, any prohibition that is imposed.

Office of the Ethics Commissioner

Financial Statements

March 31, 2008

Office of the Ethics Commissioner
Financial Statements
March 31, 2008

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Salary and Benefits Disclosure

Schedule 2 – Allocated Costs

AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Office of the Ethics Commissioner as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 13, 2008

Office of the Ethics Commissioner
Statement of Operations
Year ended March 31, 2008

	2008		2007
	Budget	Actual	Actual
Revenues			
Prior Year Expenditure Refund	$ -	$ 132	$ 121
Other Revenue	-	124	12
	-	256	133
Expenses – Directly Incurred (Note 3b)			
Voted			
Salaries, Wages, and Employee Benefits	$ 455,500	$ 362,120	$ 314,075
Supplies and Services	225,200	45,327	38,122
Supplies and Services from Support Arrangements with Related Parties (Note 7)	-	21,135	19,219
Amortization	3,300	3,255	3,255
Total Voted Expenses before Recoveries	684,000	431,837	374,671
Less: Recovery from Support Service Arrangements with Related Parties (Note 7)	-	(1,293)	(1,635)
	684,000	430,544	373,036
Statutory			
Valuation Adjustments			
Provision for Vacation Pay	-	2,623	6,610
	684,000	433,167	379,646
Net Operating Results	$ (684,000)	$ (432,911)	$ (379,513)

The accompanying notes and schedules are part of these financial statements.

Office of the Ethics Commissioner
Statement of Financial Position
As at March 31, 2008

	2008	2007
Assets		
Accounts Receivable	$ -	$ 103
Prepaid Expenses	3,691	1,619
Tangible Capital Assets (Note 4)	6,024	9,279
	$ 9,715	$ 11,001
Liabilities		
Accounts Payable and Accrued Liabilities	$ 16,554	$ 10,604
Accrued Vacation Pay	31,306	28,683
	47,860	39,287
Net Liabilities		
Net Liabilities at Beginning of Year	(28,286)	(16,993)
Net Operating Results	(432,911)	(379,513)
Net Financing Provided from General Revenues	423,052	368,220
	(38,145)	(28,286)
	$ 9,715	$ 11,001

The accompanying notes and schedules are part of these financial statements.

Office of the Ethics Commissioner
Statement of Cash Flows
Year ended March 31, 2008

	2008	2007
Operating Transactions		
Net Operating Results	$ (432,911)	$ (379,513)
Non-cash Items Included in Net Operating Results		
Amortization of Tangible Capital Assets	3,255	3,255
Valuation Adjustments	2,623	6,610
	(427,033)	(369,648)
Decrease in Accounts Receivable	103	118
Increase in Prepaid Expenses	(2,072)	(724)
Increase in Accounts Payable	5,950	2,034
Cash Applied to Operating Transactions	(423,052)	(368,220)
Financing Transactions		
Net Financing Provided From General Revenues	423,052	368,220
Increase in Cash	-	-
Cash, Beginning of Year	-	-
Cash, End of Year	$ -	$ -

The accompanying notes and schedules are part of these financial statements.

Office of the Ethics Commissioner
Notes to the Financial Statements
Year ended March 31, 2008

Note 1 Authority

The Office of the Ethics Commissioner (the Office) operates under the authority of the *Conflicts of Interest Act* and the *Lobbyists Act*. The net cost of the operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Select Standing Committee on Legislative Offices.

Note 2 Purpose

The Office of the Ethics Commissioner enhances public confidence in the integrity of Members of the Legislative Assembly and of the public service of Alberta by providing advice and guidance to Members and senior officials regarding their private interests in relation to their public responsibilities, by conducting investigations into allegations of conflicts of interest against Members, and by promoting the understanding by Members, senior officials and the public of the obligations regarding conflict of interest contained in legislation or directive.

The Office of the Ethics Commissioner is responsible for creating and maintaining a publicly-accessible lobbyists registry; providing advice and information to lobbyists and citizens on matters covered by the Lobbyists Act; and conducting investigations into possible contraventions of the Act which may require payment of an administrative penalty.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner, for which the Ethics Commissioner is responsible.

The Office operates within the General Revenue Fund. The Fund is administered by the Minister of Finance. All cash receipts of the Office are deposited into the Fund and all cash disbursements made by the Office are paid from the Fund. Net financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Office has primary responsibility and accountability for, as reflected in the Office's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs which comprise the cost of employer contributions for current services of employees during the year; and
- Valuation adjustments which represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Office's operations are disclosed in Schedule 2.

Assets

Financial assets of the Office are limited to financial claims, such as receivables from other organizations.

Tangible capital assets of the Office are recorded at historical cost and are amortized on a straight-line basis, over the estimated useful lives of the assets. The threshold for tangible capital assets is $5,000.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Office and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Office of the Ethics Commissioner
Notes to the Financial Statements
Year ended March 31, 2008

Note 4 Tangible Capital Assets

	Office equipment and furniture	Computer hardware and software	2008 Total	2007 Total
Estimated Useful Life	10 years	3 years		
Historical Cost				
Beginning of Year	$ 17,278	$ 29,634	$ 46,912	$ 46,912
Additions	-	-	-	-
Disposals, Including Write-Downs	-	-	-	-
	$ 17,278	$ 29,634	$ 46,912	$ 46,912
Accumulated Amortization				
Beginning of Year	10,290	27,343	37,633	34,378
Amortization Expense	1,728	1,527	3,255	3,255
Effect of Disposals	-	-	-	-
	$ 12,018	$ 28,870	$ 40,888	$ 37,633
Net Book Value at March 31, 2008	$ 5,260	$ 764	$ 6,024	
Net Book Value at March 31, 2007	$ 6,988	$ 2,291		$ 9,279

Note 5 Defined Benefit Plans

The Office participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The expense for these pension plans is equivalent to the annual contributions of $24,686 for the year ending March 31, 2008 (2007 –$19,632).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341,000 (2006 – $6,765,000) and the Public Service Pension Plan reported a deficiency of $92,070,000 (2006 surplus – $153,024,000).

The Office also participates in a multiemployer Long Term Disability Income Continuance Plan. At March 31, 2008, the Management, Opted Out and Excluded Plan reported an actuarial surplus of $7,874,000 (2007 – $10,148,000). The expense for this plan is limited to employer's annual contributions for the year.

Office of the Ethics Commissioner
Notes to the Financial Statements
Year ended March 31, 2008

Note 6 Contractual Obligations

	2008	2007
Long-term Leases	$ 4,953	$ 1,825

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Long-term Leases
2009	$ 1,748
2010	1,748
2011	1,457
	$ 4,953

Note 7 Related Party Transactions

The Office of the Ethics Commissioner receives financial and information technology services from the Office of the Information and Privacy Commissioner. Supplies and Services from Support Arrangements with Related Parties, in the amount of $21,135 is included with voted expenses.

The Office of the Ethics Commissioner provides administrative services to the Office of the Information and Privacy Commissioner. Recovery from Support Service Arrangements with Related Parties, in the amount of $1,293 is disclosed as a recovery of expenses.

Note 8 Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by the Ethics Commissioner.

Schedule
1

Office of the Ethics Commissioner
Salary and Benefits Disclosure
Year ended March 31, 2008

	2008				2007
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
Senior Official					
Ethics Commissioner [4]	$ 125,880	$ 13,532	$ 858	$ 140,270	$ 134,019

Prepared in accordance with Treasury Board Directive 12/98 as amended.

[1] Base salary includes regular base pay.

[2] Other cash benefits include monthly payment in lieu of employee participating in the Management Employee Pension Plan.

[3] Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employee, including health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees (as applicable).

[4] Automobile provided, no dollar amount included in other non-cash benefits.

Schedule 2

Office of the Ethics Commissioner
Allocated Costs
Year ended March 31, 2008

	2008					2007
		Expenses - Incurred by Others		Valuation Adjustments [4]		
Program	Expenses[1]	Accommodation Costs[2]	Telephone Costs[3]	Vacation Pay	Total Expenses	Total Expenses
Operations	$ 430,544	$ 49,211	$ 1,058	$ 2,623	$ 483,436	$ 426,478

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) is allocated by square footage.

[3] Costs shown for telephone is the line charge for all phone numbers.

[4] Valuation Adjustments as per Statement of Operations.